

Remarks by Charge d'Affaires, a.i. Geeta Pasi
American Chamber of Commerce in Bangladesh
July 31, 2007

Members of the AmCham Executive Committee, Gafur, your Executive Director, AmCham members, distinguished guests, ladies and gentlemen: good afternoon and Salaam Waleikum. It is a pleasure to address you today.

Continuing the cooperative and mutually beneficial relationship between the United States and Bangladesh is an interest that we all share. Our two nations have made tremendous investments in this relationship —politically, economically and in terms of human capital. Today I would like to focus our attention on how we all can not just protect, but indeed maximize, this investment.

We take up this discussion at a unique point in Bangladesh's political and economic evolution. A year ago, we spoke of "Bangladesh's long tradition of tolerance and democracy." By the end of 2006, however, the political horizon was marked by the likelihood of an election that would not be fully participatory, adding the specter of post-election violence. The country's two main political parties seemed unable or unwilling to reach a compromise. The State of Emergency that followed has presented Bangladeshis with an opportunity to rewrite their political future – addressing the issue of crippling corruption and strengthening institutions critical to a democracy with checks and balances.

We had hoped for a political compromise leading to credible, free, fair and fully-participatory elections in January 2007 and a government chosen by the people. The United States has extended its support to the interim civilian government of Chief Advisor Fakhruddin Ahmed during this unprecedented period of reform. With this great opportunity come great responsibilities.

This is a time of great opportunity in Bangladesh's history—the political, social, and economic investments you make today are the venture capital of a new future for Bangladesh that must include a clear and unwavering focus on democratic values.

The United States supports the government's anti-corruption efforts as part of the reform process. Corruption is an insidious disease that saps a nation of its vitality and promise, and it has no place in a democracy. To make a real break with the past, and to earn the Bangladeshi people's confidence, the government needs to ensure corruption cases are prosecuted fairly, transparently, and without selectivity or political motivation. It is crucial that all those accused are accorded the full range of their legal and constitutional rights.

We also support the process of electoral reform, and we have welcomed the government's commitment to hold free, fair, and credible elections by December 2008, as expressed in the roadmap announced earlier this month. This announcement of an election timeline is an important milestone for this government, and helps explain the steps leading up to the election. We are committed to doing all that we can to help Bangladesh meet the markers along its stated course to elections.

Dialogue is part and parcel of an effective reform process. As such, lifting the ban on politics is absolutely critical as a kick start to positive change in Bangladesh. The arbitrary application of the ban has been a concern, both domestically and internationally. Lifting the ban does not mean ushering back the culture of violent partisan street politics. It would signal that there is room for a new, constructive political discourse, and help guarantee that this new breeze of reform can permeate the political parties.

To back up our calls for a robust political and electoral process, we are providing assistance in a variety of key areas: to increase the capacity of the judiciary, improve local governance, strengthen civil society, and help promote a free and professional media – all essential elements in a functioning democracy.

The United States also strongly supports steps to improve the protection of human rights in Bangladesh. Reports of deaths in custody and allegations of the mistreatment of detainees, “secret” detentions, and other breaches of due process raise concerns both here and abroad. One prominent example that we have cited before is the case of Choilesh Ritchil [CHOY-lesh REET-cheel], a Garo activist tortured to death in March. His case received international attention and stands out as a particularly disturbing example of unacceptable treatment. We have welcomed the decision by the Chief Advisor to conduct an independent investigation of the incident and look forward to a full and transparent accounting of the incident as soon as the investigation is concluded.

As businesspeople, you have no doubt been concerned this past year about the impact of political developments on business. The political and economic climates of any country are inextricably linked. A Bangladesh free of corruption, that respects the rule of law, and protects individual rights, is a country where entrepreneurial energy can, and will, flourish, and where international investment will continue to grow.

Bangladesh is, however, one of many competitors in the international market for foreign investment. Recent events in Bangladesh which received media coverage do not paint a favorable picture for foreign investment in Bangladesh. Major investment partners of Bangladesh are being treated in a manner inconsistent with international norms and which signals other foreign investors to stay away. For example, Petrobangla is seeking to prevent Chevron from using an impartial international arbitration to resolve a commercial dispute, despite the fact that Bangladesh has signed an international treaty to that effect, and Petrobangla’s own contract specifying international arbitration. Bangladesh must respect contracts and international standards for resolving disputes in order to continue to attract foreign investment.

In this fashion, both the economic and political sectors can be mutually reinforcing. The private sector must ensure that the quality — as well as the quantity — of Bangladesh’s economic endeavors is high, reflecting international standards and commanding the respect of outside investors and consumers; just as the political sector ensures that it meets international standards. How Bangladeshi companies engage with their customers, their employees, and their communities impacts the robustness and openness of your economy, just as the manner in which a government conducts its relations with its citizens and neighbors affects its legitimacy and effectiveness.

I suspect that most of us here agree trade, not aid, is the best way to create and spread the benefits of wealth. Bangladesh and the United States are strong trading partners, and the United States is historically one of the biggest foreign investors here. We would like to see a better balance in this relationship as trade between our two countries expands. The key to expanding trade, though, is not simply by eliminating duties and tariffs, but also by focusing on competitiveness and comparative advantage. Improving these factors requires investment in the quality of what you offer to your customers around the world.

Bangladesh has already proven itself to be a world-class competitor in the ready-made garments industry. Even without duty-free access, you are expanding your share of the U.S. market in this area. Extending the same focus to other areas, through export diversification and improving your infrastructure, will significantly boost Bangladesh’s global competitiveness. The dramatic improvements at Chittagong port, in terms of pricing, transparency, and efficiency are one such example of Bangladesh taking positive steps to control its own economic future.

The United States supports export diversification and improved infrastructure in Bangladesh through activities such as helping to build up the promising frozen shrimp industry and a rural electrification project. Efforts like these serve the interests of both of our countries by increasing the economic vitality of Bangladesh.

The strength of an economy is also dependent upon the manner in which employees—as the backbone of production—are treated. Bangladesh's passage of the 2004 Export Processing Zone law, in which a USAID-funded civil society program was instrumental, permitted freedom of association within the EPZs and thus prevented the removal of Bangladesh's duty free benefit under the Generalized System of Preferences. This protected millions of dollars in revenue from Bangladeshi export goods.

As you know, however, the United States is reviewing a petition from the AFL-CIO requesting that Bangladesh's preferential trade status be curtailed because of inadequate follow-through in implementing the legislation to protect workers' rights. Upholding international labor rights standards, then, must be of vital importance to both governments and private businesses. Customers around the world are concerned with both the price tag and the social cost of the goods they purchase. By creating and maintaining a production environment that respects the rights of employees, you produce a good that is worth more to people, and Bangladesh's reputation as a producer and employer improves. The market price, as well as the dedication of your employees, will bear this out.

Beyond the factory doors or trade negotiating table, though, is another arena in which the vitality of an economy can be strengthened—the local community. The idea of corporate social responsibility has evolved from a buzzword to become a central principle around which some of the most successful companies on the planet implement their business strategy. America's best-known and wealthiest entrepreneur, Bill Gates, has said that “we can make market forces work better for the poor if we can develop a more creative capitalism.” His creativity has spawned a significant investment of profits and human capital into efforts to combat disease in the developing world.

For Bangladeshi companies, the creative approaches you design to address the problems in your community might be different, but they will inevitably improve the standing of your enterprises and erase the faulty “zero-sum” notion that profit can only occur at the expense of another.

I applaud the work of participants at a recent seminar on corporate social responsibility, organized by CARE and JCI in Dhaka. I also point to the admirable work of U.S. companies like Gap, Timberland, Citibank, and Chevron, as they implement better business practices and conduct activities to demonstrate corporate social responsibility. For example, Timberland Company USA has created a Chittagong EPZ Corporate Pilot Project, which hopes to improve the lives of 19,000 workers by raising awareness of women's legal rights, improving health services and credit facilities. These and similar initiatives provide valuable ideas on how to increase the positive impact of Bangladeshi businesses on the country.

Bangladesh is a country of great potential, full of hardworking people who are passionate about seeing their dreams realized. Your history and birth as a nation bear witness to that. Those of you who are here today, as business and economic leaders, can play a role as trendsetters in Bangladesh's advancement by contributing to the development of Bangladesh's richest resource—its people. Particularly among Bangladeshi youth, whom you might take on as interns or entry-level staff, or inspire through a presentation at a local school, you stand to make an indelible mark on Bangladesh's future.

The United States has sought to keep people at the center of our economic growth and development assistance work in Bangladesh. Through the U.S. Agency for International Development, we support the core health and well-being of individual Bangladeshis by providing essential health services, family planning assistance, and efforts in the struggle against ravaging

diseases like HIV/AIDS. We offer training, technical assistance, and credit access to small businesses and microenterprises that are the real engines for reducing poverty over the long-term in Bangladesh. We also support creative efforts like the *Sisimpur* children's television show that help to educate and inspire the future leaders of this country.

We view these efforts as investments — driven by the interest we share with you all to see a democratic, prosperous, flourishing Bangladesh that both enjoys and contributes to peace and security in the world.

I consider today, then, as a sort of board meeting of investors in the enterprise of Bangladesh. I know that the connections fostered and information shared through the American Chamber of Commerce here will continue to improve the strong relationship that connects and benefits our two countries and our people.

Thank you.